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MSHDA-Legal



August 31, 2007

Ms. Mary Levine, Acting Director of Legal Affairs
Michigan State Housing Development Authority
735 E. Michigan Ave.
Lansing MI 48909

Re: Draft Qualified Allocation Plan

Dear Ms. Levine:

As an affordable housing practitioner, I am deeply concerned by the draft Qualified Allocation Plan (QAP) recently released by the Michigan State Housing Development Authority (MSHDA). MSHDA's apparent disregard of public input is evident in the draft QAP. At the "listening sessions", many people from Michigan's most experienced affordable housing community asked that certain principles be included in any new QAP. None of these has been incorporated into the recently published draft. Some of those items requested but not included are:

- Affordable housing practitioners asked for keeping consistency and making only minor changes in order to foster development of affordable housing. MSHDA responded with an untested model for allocating the housing credit that benefits financially risky projects.
- Affordable housing practitioners asked for recognition of past efforts in delivering thousands of affordable rental units to low-income Michigan households. MSHDA responded with criminal background checks on future LIHTC applicants.
- Affordable housing practitioners asked for a fair allocation of scarce resources. MSHDA responded by directing 50 percent of the housing credit to the city of Detroit while an additional 25 percent for projects in selected Michigan cities.
- Affordable housing practitioners asked for increased incentives for the preservation of existing affordable housing developments. MSHDA eliminated preservation incentives holdback entirely.
- Affordable housing practitioners asked for a streamlined, 60 day approval process for tax credit applications. MSHDA responded with a cumbersome, 120 day approval process for tax credit applications.


The draft QAP, if adopted, would push potential tax credit investors away and will be another in a series of failed policy initiatives that are crippling the production of affordable housing in Michigan, straining MSHDA's financial and human resources, pushing tax credit investors and scarce federal resources to other states, and

compounding problems already faced by the Michigan economy and our construction industry.

The draft QAP should not be adopted by the MSHDA Board or approved by the Governor without significant revisions, and until an acceptable plan can be put forward, MSHDA must immediately schedule an October tax credit round using the current QAP.

Sincerely,

SCHWARTZ BRADLEY LLC



Bradley E. Froling
President